



# ANNUAL STATEMENT

For the Year Ended December 31, 2013  
of the Condition and Affairs of the

## Molina Healthcare of Michigan, Inc.

NAIC Group Code.....1531,	1531	NAIC Company Code.....	52630	Employer's ID Number.....	38-3341599
(Current Period) (Prior Period)					
Organized under the Laws of Michigan	State of Domicile or Port of Entry Michigan			Country of Domicile US	
Licensed as Business Type.....Health Maintenance Organization	Is HMO Federally Qualified? Yes [ ] No [X]				
Incorporated/Organized..... February 12, 1997	Commenced Business..... January 1, 1998				
Statutory Home Office	100 West Big Beaver Rd., Suite 600..... Troy ..... MI ..... US .... 48084-5209 (Street and Number) (City or Town, State, Country and Zip Code)				
Main Administrative Office	100 West Big Beaver Rd., Suite 600..... Troy ..... MI ..... US .... 48084-5209 (Street and Number) (City or Town, State, Country and Zip Code)			248-925-1700 (Area Code) (Telephone Number)	
Mail Address	100 West Big Beaver Rd., Suite 600..... Troy ..... MI ..... US .... 48084-5209 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)				
Primary Location of Books and Records	100 West Big Beaver Rd., Suite 600..... Troy ..... MI ..... US .... 48084-5209 (Street and Number) (City or Town, State, Country and Zip Code)			248-925-1700 (Area Code) (Telephone Number)	
Internet Web Site Address	www.molinahealthcare.com				
Statutory Statement Contact	Pamela Mary Gourwitz (Name) pamela.gourwitz@molinahealthcare.com (E-Mail Address)			888-562-5442-151701 (Area Code) (Telephone Number) (Extension) 248-925-1721 (Fax Number)	

### OFFICERS

Name	Title	Name	Title
1. Stephen Devon Harris	President	2. Stephen Blaney Whiting	Treasurer/VP
3. Jeffrey Don Barlow	Secretary	4.	

### OTHER

### DIRECTORS OR TRUSTEES

Stephen Devon Harris	Matthew Carter Schueren	Maritza Esther Borrajero	Juan Jose Orellana	#
Linda May Betts	Marissa Ann Morgan			

State of..... Michigan  
County of..... Oakland

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Stephen Devon Harris	(Signature) Stephen Blaney Whiting	(Signature) Jeffrey Don Barlow
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Treasurer/VP	Secretary
(Title)	(Title)	(Title)
Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No [ ]
This _____ day of _____ 2014	b. If no	1. State the amendment number
		2. Date filed
		3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	31,737,053		31,737,053	18,249,760
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....5,414,810, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....138,002,615, Schedule DA).....	143,417,426		143,417,426	135,164,817
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	175,154,478	.0	175,154,478	153,414,576
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	688,997		688,997	734,920
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	12,030,697		12,030,697	8,937,417
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			.0	
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....	2,184,169		2,184,169	1,767,000
18.1 Current federal and foreign income tax recoverable and interest thereon.....	104,812		104,812	2,112,532
18.2 Net deferred tax asset.....	2,710,717	1,161,415	1,549,302	2,376,473
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	115,398	115,398	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	
24. Health care (\$.....2,188,395) and other amounts receivable.....	9,905		9,905	1,166,671
25. Aggregate write-ins for other than invested assets.....	2,162,017	213,283	1,948,734	3,921,848
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	195,161,190	1,490,096	193,671,094	174,431,437
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	195,161,190	1,490,096	193,671,094	174,431,437

DETAILS OF WRITE-INS

1101. ....			.0	
1102. ....			.0	
1103. ....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Prepaid Expenses/Deposits.....	201,739	201,739	.0	
2502. Intangible Assets (Goodwill/Patient Files).....	1,141,458		1,141,458	3,921,848
2503. Deposits - Long Term.....	11,544	11,544	.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	807,276	.0	807,276	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,162,017	213,283	1,948,734	3,921,848

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	81,119,512		81,119,512	84,151,880
2. Accrued medical incentive pool and bonus amounts.....	2,107,183		2,107,183	1,541,198
3. Unpaid claims adjustment expenses.....	933,684		933,684	986,237
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	615,690		615,690	1,286,000
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	2,753		2,753	
9. General expenses due or accrued.....	2,814,883		2,814,883	2,033,568
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	1,078,544		1,078,544	876,279
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	556,000
23. Aggregate write-ins for other liabilities (including \$....2,340,328 current).....	2,340,328	0	2,340,328	2,459,852
24. Total liabilities (Lines 1 to 23).....	91,012,577	0	91,012,577	93,891,014
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
26. Common capital stock.....	XXX	XXX	159,000	159,000
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	62,404,971	62,404,971
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	40,094,546	17,976,452
32. Less treasury stock at cost:				
32.1 ....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 ....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	102,658,517	80,540,423
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	193,671,094	174,431,437

DETAILS OF WRITE-INS

2301. Premium/Use Taxes Due.....	2,340,328		2,340,328	2,459,852
2302. ....			0	
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	2,340,328	0	2,340,328	2,459,852
2501. ....	XXX	XXX		
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	XXX	XXX	0	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	2,581,007	2,639,337
2. Net premium income (including \$.....0 non-health premium income).....	XXX	883,384,967	841,177,957
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX		
5. Risk revenue.....	XXX		
6. Aggregate write-ins for other health care related revenues.....	XXX	.0	.0
7. Aggregate write-ins for other non-health revenues.....	XXX	.0	.0
8. Total revenues (Lines 2 to 7).....	XXX	883,384,967	841,177,957
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		511,353,035	517,372,979
10. Other professional services.....		9,162,975	16,977,013
11. Outside referrals.....		57,872,611	47,149,242
12. Emergency room and out-of-area.....		48,350,435	28,980,890
13. Prescription drugs.....		122,078,930	115,460,945
14. Aggregate write-ins for other hospital and medical.....0		.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		6,257,562	4,524,605
16. Subtotal (Lines 9 to 15).....0		755,075,548	730,465,674
<b>Less:</b>			
17. Net reinsurance recoveries.....			
18. Total hospital and medical (Lines 16 minus 17).....0		755,075,548	730,465,674
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....19,751,420 cost containment expenses.....		22,354,521	22,358,285
21. General administrative expenses.....		77,645,947	73,378,611
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....		(670,310)	325,513
23. Total underwriting deductions (Lines 18 through 22).....0		854,405,706	826,528,083
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	28,979,261	14,649,874
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		456,333	852,824
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....			
27. Net investment gains or (losses) (Lines 25 plus 26).....0		456,333	852,824
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....0		(16,748)	.0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	29,418,846	15,502,698
31. Federal and foreign income taxes incurred.....	XXX	10,868,720	6,127,293
32. Net income (loss) (Lines 30 minus 31).....	XXX	18,550,126	9,375,405

DETAILS OF WRITE-INS			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	.0	.0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	.0	.0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	.0	.0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....0		.0	.0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....0		.0	.0
2901. Fines and penalties.....		(16,748)	
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....0		.0	.0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....0		(16,748)	.0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	80,540,423	77,838,546
34. Net income or (loss) from Line 32.....	18,550,126	9,375,405
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	(1,037,513)	1,630,098
39. Change in nonadmitted assets.....	4,605,481	(3,044,048)
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		(259,578)
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		(5,000,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	22,118,094	2,701,877
49. Capital and surplus end of reporting period (Line 33 plus 48).....	102,658,517	80,540,423

DETAILS OF WRITE-INS		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	880,294,440	839,060,394
2. Net investment income.....	1,126,665	1,857,611
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	881,421,105	840,918,005
5. Benefit and loss related payments.....	753,229,331	727,118,971
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	100,381,147	94,686,621
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$ .....0 tax on capital gains (losses).....	8,861,000	6,041,000
10. Total (Lines 5 through 9).....	862,471,478	827,846,592
11. Net cash from operations (Line 4 minus Line 10).....	18,949,627	13,071,413
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	17,000,000	14,000,000
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	17,000,000	14,000,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	31,111,702	9,239,400
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	31,111,702	9,239,400
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(14,111,702)	4,760,600
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		5,000,000
16.6 Other cash provided (applied).....	3,414,685	2,422,994
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	3,414,685	(2,577,006)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	8,252,610	15,255,007
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	135,164,816	119,909,809
19.2 End of year (Line 18 plus Line 19.1).....	143,417,426	135,164,816

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical).....	2,570,461		1,525	2,568,936
2.	Medicare supplement.....				0
3.	Dental only.....				0
4.	Vision only.....				0
5.	Federal employees health benefits plan.....				0
6.	Title XVIII - Medicare.....	153,854,613		54,369	153,800,244
7.	Title XIX - Medicaid.....	727,192,983		177,196	727,015,787
8.	Other health.....				0
9.	Health subtotal (Lines 1 through 8).....	883,618,057	0	233,090	883,384,967
10.	Life.....				0
11.	Property/casualty.....				0
12.	Totals (Lines 9 to 11).....	883,618,057	0	233,090	883,384,967



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	747,537,753	1,170,113					132,097,611	614,270,029		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	747,537,753	1,170,113	0	0	0	0	132,097,611	614,270,029	0	0
2. Paid medical incentive pools and bonuses.....	5,691,578						537,458	5,154,120		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	81,119,512	334,549					20,928,579	59,856,384		
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	81,119,512	334,549	0	0	0	0	20,928,579	59,856,384	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	2,107,182						404,388	1,702,794		
6. Net healthcare receivables (a).....	(4,312,600)	(8,266)					(1,216,823)	(3,087,511)		
7. Amounts recoverable from reinsurers December 31, current year.....	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	84,151,879	100,738					21,091,676	62,959,465		
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	84,151,879	100,738	0	0	0	0	21,091,676	62,959,465	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	1,541,198						153,252	1,387,946		
11. Amounts recoverable from reinsurers December 31, prior year.....	0									
12. Incurred benefits:										
12.1 Direct.....	748,817,986	1,412,190	0	0	0	0	133,151,337	614,254,459	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
12.4 Net.....	748,817,986	1,412,190	0	0	0	0	133,151,337	614,254,459	0	0
13. Incurred medical incentive pools and bonuses.....	6,257,562	0	0	0	0	0	788,594	5,468,968	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	31,634,225	65,917					7,515,371	24,052,937		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	31,634,225	65,917	0	0	0	0	7,515,371	24,052,937	0	0
2. Incurred but unreported:										
2.1 Direct.....	49,485,287	268,632					13,413,208	35,803,447		
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	49,485,287	268,632	0	0	0	0	13,413,208	35,803,447	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	81,119,512	334,549	0	0	0	0	20,928,579	59,856,384	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	81,119,512	334,549	0	0	0	0	20,928,579	59,856,384	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	137,158	1,032,955	19	334,531	137,177	100,739
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....	22,580,810	109,516,801	134,721	20,793,857	22,715,531	21,091,676
7. Title XIX - Medicaid.....	51,977,371	562,292,659	185,694	59,670,690	52,163,065	62,959,465
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	74,695,339	672,842,415	320,434	80,799,078	75,015,773	84,151,880
10. Healthcare receivables (a).....				9,905	0	4,322,506
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	1,686,910	4,004,667		2,107,183	1,686,910	1,541,198
13. Totals (Lines 9 - 10 + 11 + 12).....	76,382,249	676,847,082	320,434	82,896,356	76,702,683	81,370,572

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	25,077	25,145	25,092	25,092	25,092
2. 2009.....	565,654	601,071	603,354	603,354	603,354
3. 2010.....	.XXX	626,775	667,398	667,398	667,398
4. 2011.....	.XXX	.XXX	651,720	724,494	724,494
5. 2012.....	.XXX	.XXX	.XXX	649,847	724,542
6. 2013.....	.XXX	.XXX	.XXX	.XXX	672,843

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	25,077	25,145	25,092	25,092	25,092
2. 2009.....	632,563	669,864	672,147	672,147	672,147
3. 2010.....	.XXX	706,060	746,867	746,867	746,867
4. 2011.....	.XXX	.XXX	729,997	724,580	724,580
5. 2012.....	.XXX	.XXX	.XXX	735,455	724,863
6. 2013.....	.XXX	.XXX	.XXX	.XXX	755,748

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expense	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2009.....	728,242	603,354	18,498	3.1	621,852	85.4			621,852	85.4
2. 2010.....	806,366	667,398	19,727	3.0	687,125	85.2			687,125	85.2
3. 2011.....	844,349	724,494	21,011	2.9	745,505	88.3			745,505	88.3
4. 2012.....	841,179	724,542	22,358	3.1	746,900	88.8	321		747,221	88.8
5. 2013.....	883,385	672,843	22,354	3.3	695,197	78.7	82,906	934	779,037	88.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....					
2. 2009.....	.38	.47	.47	.47	.47
3. 2010.....	XXX	.227	.248	.248	.248
4. 2011.....	XXX	.XXX	.562	.666	.666
5. 2012.....	XXX	.XXX	.XXX	.642	.779
6. 2013.....	XXX	.XXX	.XXX	.XXX	1,033

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....					
2. 2009.....	.80	.89	.89	.89	.89
3. 2010.....	XXX	.345	.345	.345	.345
4. 2011.....	XXX	.XXX	.703	.666	.666
5. 2012.....	XXX	.XXX	.XXX	.743	.779
6. 2013.....	XXX	.XXX	.XXX	.XXX	1,367

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2009.....	.93	.47		.0.0	.47	.50.5			.47	.50.5
2. 2010.....	.391	.248		.0.0	.248	.63.4			.248	.63.4
3. 2011.....	.977	.666		.0.0	.666	.68.2			.666	.68.2
4. 2012.....	1,155	.779	.28	3.6	.807	.69.9			.807	.69.9
5. 2013.....	2,569	1,033	.84	8.1	1,117	.43.5	.335	.4	1,456	.56.7

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.  
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.  
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.  
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental  
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental  
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental  
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision  
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision  
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision  
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health  
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health  
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health  
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	2,944	3,043	3,049	3,049	3,049
2. 2009.....	24,590	29,270	29,157	29,157	29,157
3. 2010.....	XXX	61,808	72,165	72,165	72,165
4. 2011.....	XXX	XXX	92,131	111,254	111,254
5. 2012.....	XXX	XXX	XXX	95,724	118,305
6. 2013.....	XXX	XXX	XXX	XXX	109,517

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	2,944	3,043	3,049	3,049	3,049
2. 2009.....	32,313	37,091	36,978	36,978	36,978
3. 2010.....	XXX	77,045	87,412	87,412	87,412
4. 2011.....	XXX	XXX	105,743	111,235	111,235
5. 2012.....	XXX	XXX	XXX	116,988	118,440
6. 2013.....	XXX	XXX	XXX	XXX	130,715

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2009.....	35,448	29,157	912	3.1	30,069	84.8			30,069	84.8
2. 2010.....	77,572	72,165	1,818	2.5	73,983	95.4			73,983	95.4
3. 2011.....	118,410	111,254	2,154	1.9	113,408	95.8			113,408	95.8
4. 2012.....	144,719	118,305	2,002	1.7	120,307	83.1	135		120,442	83.2
5. 2013.....	153,800	109,517	4,247	3.9	113,764	74.0	21,198	241	135,203	87.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	22,133	22,102	22,043	22,043	22,043
2. 2009.....	541,026	571,754	574,150	574,150	574,150
3. 2010.....	XXX	564,740	594,985	594,985	594,985
4. 2011.....	XXX	XXX	559,027	612,574	612,574
5. 2012.....	XXX	XXX	XXX	553,481	605,458
6. 2013.....	XXX	XXX	XXX	XXX	562,293

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	22,133	22,102	22,043	22,043	22,043
2. 2009.....	600,170	632,684	635,080	635,080	635,080
3. 2010.....	XXX	628,670	659,110	659,110	659,110
4. 2011.....	XXX	XXX	623,551	612,679	612,679
5. 2012.....	XXX	XXX	XXX	617,724	605,644
6. 2013.....	XXX	XXX	XXX	XXX	623,666

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2009.....	692,701	574,150	17,586	3.1	591,736	85.4			591,736	85.4
2. 2010.....	728,403	594,985	17,909	3.0	612,894	84.1			612,894	84.1
3. 2011.....	724,962	612,574	18,857	3.1	631,431	87.1			631,431	87.1
4. 2012.....	695,305	605,458	20,328	3.4	625,786	90.0	186		625,972	90.0
5. 2013.....	727,016	562,293	18,023	3.2	580,316	79.8	61,373	689	642,378	88.4



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	NONE				
2. 2009.....					
3. 2010.....		XXX			
4. 2011.....		XXX	XXX		
5. 2012.....		XXX	XXX	XXX	
6. 2013.....		XXX	XXX	XXX	XXX

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior.....	NONE				
2. 2009.....					
3. 2010.....		XXX			
4. 2011.....		XXX	XXX		
5. 2012.....		XXX	XXX	XXX	
6. 2013.....		XXX	XXX	XXX	XXX

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claim Payments	3  Claim Adjustment Expense Payments	4  Percent (Col. 3/2)	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  Percent (Col. 5/1)	7  Claims Unpaid	8  Unpaid Claim Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  Percent (Col. 9/1)
1. 2009.....					NONE	0.0			0	0.0
2. 2010.....				0.0		0.0			0	0.0
3. 2011.....				0.0		0.0			0	0.0
4. 2012.....				0.0		0.0			0	0.0
5. 2013.....				0.0		0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
2. Additional policy reserves (a).....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
3. Reserve for future contingent benefits.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income.....	.....615,690	.....	.....	.....	.....	.....	.....615,690	.....	.....
5. Aggregate write-ins for other policy reserves.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
6. Totals (gross).....	.....615,690	.....0	.....0	.....0	.....0	.....0	.....615,690	.....0	.....0
7. Reinsurance ceded.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
8. Totals (net) (Page 3, Line 4).....	.....615,690	.....0	.....0	.....0	.....0	.....0	.....615,690	.....0	.....0
9. Present value of amounts not yet due on claims.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
10. Reserve for future contingent benefits.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
11. Aggregate write-ins for other claim reserves.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
12. Totals (gross).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
13. Reinsurance ceded.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
14. Totals (net) (Page 3, Line 7).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

DETAILS OF WRITE-INS

0501. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0502. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0503. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
1101. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1102. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1103. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

(a)

Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	30		2,995,822		2,995,852
2. Salaries, wages and other benefits.....	14,378,186	725,605	33,408,603		48,512,394
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....					0
4. Legal fees and expenses.....	108		989,549		989,657
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	697,819	202	5,437,898		6,135,919
7. Traveling expenses.....	172,844	3,132	1,104,132		1,280,108
8. Marketing and advertising.....	78,020		1,479,405		1,557,425
9. Postage, express and telephone.....	31,412	1,098	1,904,521		1,937,031
10. Printing and office supplies.....	35,051	816	2,584,849		2,620,716
11. Occupancy, depreciation and amortization.....			5,398,951		5,398,951
12. Equipment.....	31		478,845		478,876
13. Cost or depreciation of EDP equipment and software.....	13,529	21	7,391,866		7,405,416
14. Outsourced services including EDP, claims, and other services.....	649,821	1,313,738	3,955,086		5,918,645
15. Boards, bureaus and association fees.....	13,641	13	175,730		189,384
16. Insurance, except on real estate.....	(29)		326,793		326,764
17. Collection and bank service charges.....			58,023	47,716	105,739
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....			194,051		194,051
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			958,598		958,598
23.2 State premium taxes.....			6,055,931		6,055,931
23.3 Regulatory authority licenses and fees.....	31,449		389,778		421,227
23.4 Payroll taxes.....	1,024,253	50,786	1,821,325		2,896,364
23.5 Other (excluding federal income and real estate taxes).....			25,803		25,803
24. Investment expenses not included elsewhere.....				302	302
25. Aggregate write-ins for expenses.....	2,625,256	507,689	510,388	0	3,643,333
26. Total expenses incurred (Lines 1 to 25).....	19,751,421	2,603,100	77,645,947	48,018	(a)...100,048,486
27. Less expenses unpaid December 31, current year.....		933,684	2,814,883		3,748,567
28. Add expenses unpaid December 31, prior year.....		986,237	2,033,568		3,019,805
29. Amounts receivable relating to uninsured plans, prior year.....			1,767,000		1,767,000
30. Amounts receivable relating to uninsured plans, current year.....			2,184,169		2,184,169
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	19,751,421	2,655,653	77,281,801	48,018	99,736,893

DETAILS OF WRITE-INS

2501. Contributions - Political.....			33,468		33,468
2502. Contributions - Charitable.....			208,370		208,370
2503. Continuing Educ/User Training.....	27,561	74	71,468		99,103
2598. Summary of remaining write-ins for Line 25 from overflow page.....	2,597,695	507,615	197,082	0	3,302,392
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,625,256	507,689	510,388	0	3,643,333

(a) Includes management fees of \$.....62,278,332 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....	.....
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....120,264	.....164,915
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....430,021	.....339,436
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....550,286	.....504,351
11. Investment expenses.....	.....	(g).....48,018
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....48,018
17. Net investment income (Line 10 minus Line 16).....	.....	.....456,333

DETAILS OF WRITE-INS

0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0
(a) Includes \$.....0 accrual of discount less \$....624,409 amortization of premium and less \$....142,610 paid for accrued interest on purchases.	.....	.....
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.	.....	.....
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.	.....	.....
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.	.....	.....
(e) Includes \$....18,816 accrual of discount less \$....1,622,096 amortization of premium and less \$....426,343 paid for accrued interest on purchases.	.....	.....
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.	.....	.....
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.	.....	.....
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.	.....	.....
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.	.....	.....

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....	.....	.....0	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....0	.....0	.....0	.....0	.....0

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....			.....0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.....0
6. Contract loans.....			.....0
7. Derivatives (Schedule DB).....			.....0
8. Other invested assets (Schedule BA).....			.....0
9. Receivables for securities.....			.....0
10. Securities lending reinvested collateral assets (Schedule DL).....			.....0
11. Aggregate write-ins for invested assets.....	.....0	.....11,544	.....11,544
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.....0	.....11,544	.....11,544
13. Title plants (for Title insurers only).....			.....0
14. Investment income due and accrued.....			.....0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			.....0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
15.3 Accrued retrospective premiums.....			.....0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.....0
16.2 Funds held by or deposited with reinsured companies.....			.....0
16.3 Other amounts receivable under reinsurance contracts.....			.....0
17. Amounts receivable relating to uninsured plans.....			.....0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
18.2 Net deferred tax asset.....	.....1,161,415	.....1,371,756	.....210,341
19. Guaranty funds receivable or on deposit.....			.....0
20. Electronic data processing equipment and software.....			.....0
21. Furniture and equipment, including health care delivery assets.....	.....115,398	.....193,481	.....78,083
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
23. Receivables from parent, subsidiaries and affiliates.....			.....0
24. Health care and other amounts receivable.....		.....4,311,709	.....4,311,709
25. Aggregate write-ins for other than invested assets.....	.....213,283	.....207,087	.....(6,196)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.....1,490,096	.....6,095,577	.....4,605,481
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
28. TOTALS (Lines 26 and 27).....	.....1,490,096	.....6,095,577	.....4,605,481

DETAILS OF WRITE-INS

1101. Deposits - Long Term.....		.....11,544	.....11,544
1102. ....			.....0
1103. ....			.....0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....11,544	.....11,544
2501. Prepaid Expenses/Deposits.....	.....201,739	.....207,087	.....5,348
2502. Intangible Assets (Goodwill/Patient Files).....			.....0
2503. Deposits - Long Term.....	.....11,544		.....(11,544)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.....213,283	.....207,087	.....(6,196)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	.....220,377	.....217,123	.....215,190	.....212,925	.....212,837	.....2,581,007
2. Provider service organizations.....	.....	.....	.....	.....	.....	.....
3. Preferred provider organizations.....	.....	.....	.....	.....	.....	.....
4. Point of service.....	.....	.....	.....	.....	.....	.....
5. Indemnity only.....	.....	.....	.....	.....	.....	.....
6. Aggregate write-ins for other lines of business.....	.....0	.....0	.....0	.....0	.....0	.....0
7. Total.....	.....220,377	.....217,123	.....215,190	.....212,925	.....212,837	.....2,581,007

DETAILS OF WRITE-INS

0601. ....	.....	.....	.....	.....	.....	.....
0602. ....	.....	.....	.....	.....	.....	.....
0603. ....	.....	.....	.....	.....	.....	.....
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	.....0	.....0	.....0	.....0	.....0	.....0

EXHIBIT 3A - ANALYSIS OF HEALTH CARE RECEIVABLES COLLECTED AND ACCRUED

Type of Health Care Receivable	Health Care Receivables Collected During the Year		Heath Care Receivables Accrued as of December 31 of Current Year		5	6
	1 On Amounts Accrued Prior to January 1 of Current Year	2 On Amounts Accrued During the Year	3 On Amounts Accrued December 31 of Prior Year	4 On Amounts Accrued During the Year	Health Care Receivables in Prior Years (Columns 1 + 3)	Estimated Health Care Receivables Accrued as of December 31 of Prior Year
1. Pharmaceutical rebate receivables.....	5,314,968	2,256,559		2,178,490	5,314,968	4,311,709
2. Claim overpayment receivables.....					0	
3. Loans and advances to providers.....					0	
4. Capitation arrangement receivables.....	10,351	168,039		9,905	10,351	10,797
5. Risk sharing receivables.....					0	
6. Other health care receivables.....					0	
7. Totals (Lines 1 through 6).....	5,325,319	2,424,598	0	2,188,395	5,325,319	4,322,506

Note that the accrued amounts in Columns 3, 4, and 6 are the total health care receivables, not just the admitted portion.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Molina Healthcare of Michigan, Inc. (the Company) are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Department of Insurance and Financial Services (“DIFS”)

The OFIR recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan insurance law. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically,

Citation adopting the Manual: Bulletin 2001-02-INS Commissioner Orders 11-052-M, 11-051-M and 11-053-M		
SSAP or Appendices	State Law or Regulation	Description
Appendix C	Bulletin 2001-02-INS and Commissioner Order	Actuarial Guideline XXXV not adopted
SSAP No. 84	Commissioner Order	Loans and advances to hospitals and other providers are not permitted for HMOs, Limited Health Service Organizations, Dental Service Corporations

Such prescribed accounting practices have no significant effect on the Company’s statutory-basis financial statements for the periods presented.

On April 28, 2008, the Company was issued a letter that outlined a prescribed statutory accounting practice that requires the Company to deviate from Statement of Statutory Accounting Principles (SSAP) No. 47, *Uninsured Plans*, as it relates to certain amounts paid to the Company by the state of Michigan that are intended for distribution to certain providers designated by the state. Upon receipt of such payments and based on the state's designated payment schedule, the Company is obligated to pay the associated premium tax and then to remit the remaining amount to the designated medical providers. Specifically, the Company records the amounts received as net premiums earned and the related payments made as medical and hospital expense and premium tax, which is included in general and administrative expenses, in its statutory basis statements of income. Under NAIC SAP, such income and expense would be recorded on a net basis. The total amount received related to this matter was approximately \$190.3 million and \$181.9 million for the years ended December 31, 2013 and 2012, respectively. The deviation from SSAP No. 47 had no effect on the Company's statutory surplus, net income or cash flows at December 31, 2013 and 2012, or for the years then ended, but rather had the effect of grossing up the aforementioned income statement line items.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the period. Actual results could differ from those estimates.

C. Accounting Policy

Revenue Recognition: The Company arranges for the provision of health care services to Medicaid and Medicare recipients under contracts with the state of Michigan, and the Centers for Medicare and Medicaid Services (“CMS”). Premium revenue is fixed in advance of the periods covered and, is not generally subject to significant accounting estimates.



**NOTES TO FINANCIAL STATEMENTS**

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Recognition of Health Care Costs: Medical and hospital expenses related to both capitation and fee-for-service programs are recorded in the period in which the related services are dispensed or the member is entitled to service. Medical and hospital expenses include payments to primary care physicians, specialists, hospitals, pharmacies and other health care providers. In general, primary care physicians are paid on either a fee-for-service basis or a capitated basis (a fixed amount per-member per-month regardless of actual utilization of medical services), while specialists and hospitals are paid on a fee-for-service basis. Under capitated contracts, the Plan is liable for the provision of certain health care services, while under fee-for-service arrangements, the Plan retains the financial responsibility for medical care provided at discounted payments rates.

In addition, the Company applies the following accounting policies:

- (1) Short-term investments consist primarily of money market funds and investments in corporate debt securities with maturity dates of less than one year from the date of issuance. Realized capital gains and losses are determined using the specific-identification method.
- (2) Investments in bonds: Bonds not backed by other loans are principally stated at amortized cost using the scientific method. Changes in admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.
- (3) Investments in common stock: None
- (4) Investments in preferred stock: None
- (5) Investments in mortgage loans: None
- (6) Investments in loan-backed securities: None
- (7) Investments in subsidiaries, controlled or affiliated companies: None
- (8) Investments in joint ventures, partnerships and limited liability companies: None
- (9) Investments in derivatives: None
- (10) Premium deficiency calculation: The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, *Individual and Group Accident and Health Contracts*.
- (11) Claims unpaid and claims adjustment expenses: Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) Capitalization policy: No change from prior periods.
- (13) Pharmacy rebate receivables: Amounts receivable for pharmacy rebates are estimated based upon billed amounts to pharmaceutical companies, utilization data, historical collection trends and the Company's judgment regarding the ability to collect specific amounts. Income from pharmacy rebates is reported as a reduction of hospital and medical expense in the statement of revenue and expenses. In accordance with SSAP No. 64, Offsetting and Netting of Assets and Liabilities, a valid right of offset exists and the Company offset the receivable for pharmacy rebates against the corresponding pharmacy liability on the balance sheet.

**2. Accounting Changes and Corrections of Errors**

Effective September 30, 2013, the Company updated its method used to allocate hospital and medical expenses on Page 4, the Statement of Revenue and Expenses, Lines 9 through 12, to more accurately report the individual components. The update is reflected in the current period amounts reported, and no restatement has been made for the prior periods presented. There is no impact on net income, surplus, total assets or total liabilities relating to this change.

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2013, the Company is reporting all liabilities and expenses as covered on Page 3, Liabilities, Capital and Surplus, and Page 4, Statement of Revenue and Expenses. In filings for prior years, the Company did not report all liabilities and expenses for such respective years as covered since the Company did not take into account the member hold harmless provisions included in its provider contracts. The Company’s contracts with the DIFS as well as the Centers for Medicare and Medicaid Services require that the Company include member hold harmless provisions in all of the Company’s provider contracts. The Company has member hold harmless provisions in all of its provider contracts. As a result, all of the Company’s liabilities and expenses are covered. There is no impact on net income, surplus, total assets or total liabilities relating to this change.

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

- A. Mortgage Loans: None
- B. Debt Restructuring: None
- C. Reverse Mortgages: None
- D. Loan-Backed Securities: None
- E. Repurchase Agreements and/or Securities Lending Transactions: None
- F. Real Estate: None
- G. Low-Income Housing Tax Credits: None
- H. Restricted Assets:

(1) Restricted Assets (Including Pledged)

	1	2	3	4	5	6
Restricted Asset Category	Total Gross Restricted From Current Year	Total Gross Restricted From Prior Year	Increase (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percent Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not show	\$	\$	\$	\$	%	%
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to						

NOTES TO FINANCIAL STATEMENTS

sale						
i. On deposit with states	1,013,869	1,013,745	129	1,013,869	.52	.52
j. On deposit with other regulatory bodies						
k. Pledged as collateral not captured in other categories						
l. Other restricted assets						
m. Total Restricted Assets	\$ 1,013,869	\$ 1,013,745	\$ 129	\$ 1,013,869	.52%	.52%

- (2) Detail of assets pledged as collateral not captured in other categories: None
- (3) Detail of other restricted assets: None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

7. Investment Income

The Company had no investment income that was excluded in 2013 or 2012. All of the Company’s investments and the income derived from such investments meet the criteria for admitted receivables.

8. Derivative Instruments

None

9. Income Taxes

A. The components of the net deferred tax asset/(liability) are as follows:

1.

	2013			2012			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	2,710,717		2,710,717	3,748,230		3,748,230	(1,037,513)		(1,037,513)
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	2,710,717		2,710,717	3,748,230		3,748,230	(1,037,513)		(1,037,513)
d. Deferred tax assets nonadmitted	1,161,415		1,161,415	1,371,756		1,371,756	(210,341)		(210,341)
e. Subtotal net admitted deferred tax asset (1c-1d)	1,549,302		1,549,302	2,376,474		2,376,474	(827,172)		(827,172)
f. Deferred tax liabilities									
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	1,549,302		1,549,302	2,376,474		2,376,474	(827,172)		(827,172)

2. Admission calculation components, SSAP No. 101:

		2013			2012			Change		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a.	Federal income taxes paid in prior years recoverable through loss carrybacks	1,137,630		1,137,630	2,272,623		2,272,623	(1,134,993)		(1,134,993)
b.	Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation (the lesser of 2(b)1 and 2(b)2 below)	411,672		411,672	103,850		103,850	307,822		307,822
b1	Adjusted gross deferred tax assets expected to be realized following the balance sheet date	411,672		411,672	103,850		103,850	307,822		307,822
b2.	Adjusted gross deferred tax assets allowed per limitation threshold			15,166,382			11,724,592			3,441,790
c.	Adjusted gross deferred tax assets offset by gross deferred tax liabilities									
d.	Deferred tax assets admitted as the result of application of SSAP No. 101	1,549,302		1,549,302	2,376,473		2,376,473	(827,171)		(827,171)

NOTES TO FINANCIAL STATEMENTS

3. Other Admissibility Criteria

		2013	2012
a.	Ratio percentage used to determine recovery period and threshold limitation amount	399.000	308.000
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	101,109,215	78,163,948

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	2,710,717		3,748,230		(1,037,513)	
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.000	0.000	0.000	0.000	0.000	0.000
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	1,549,302		2,376,474		(827,172)	
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.000	0.000	0.000	0.000	0.000	0.000

(b) Does the company's tax planning strategies include the use of reinsurance? No

B. Not applicable; the Company had no deferred tax liabilities that were not recognized.

C. Current income taxes incurred consist of the following major components:

1. Current Income Tax

	1	2	3
	2013	2012	(Col 1-2) Change
a. Federal	10,764,487	6,110,835	4,653,652
b. Foreign			
c. Subtotal	10,764,487	6,110,835	4,653,652
d. Federal income tax on net capital gains		69,219	(69,219)
e. Utilization of capital loss carry-forwards			
f. Other	104,233	(52,761)	156,994
g. Federal and Foreign income taxes incurred	10,868,720	6,127,293	4,741,427

2. Deferred Tax Assets

	1	2	3
	2013	2012	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	322,527	429,127	(106,600)
2. Unearned premium reserve	193		193
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	1,984,860	1,419,233	565,627
8. Compensation and benefits accrual	224,232	157,854	66,378
9. Pension accrual			
10. Receivables - nonadmitted		1,509,098	(1,509,098)
11. Net operating loss carry-forward	84,379	111,614	(27,235)
12. Tax credit carry-forward			
13. Other (including items <5% of total ordinary tax assets)	94,526	121,304	(26,778)
99. Subtotal	2,710,717	3,748,230	(1,037,513)
b. Statutory valuation allowance adjustment			
c. Nonadmitted	1,161,415	1,371,756	(210,341)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	1,549,302	2,376,474	(827,172)
e. Capital:			
1. Investments			
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal			
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	1,549,302	2,376,474	(827,172)

3. Deferred Tax Liabilities

NOTES TO FINANCIAL STATEMENTS

	1	2	3
	2013	2012	(Col 1-2) Change
a. Ordinary:			
1. Investments			
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax assets)			
99. Subtotal			
b. Capital:			
1. Investments			
2. Real estate			
3. Other (including items <5% of total capital tax assets)			
99. Subtotal			
c. Deferred tax liabilities (3a99+3b99)			

4.	Net Deferred Tax Assets (2i – 3c)	1,549,302	2,376,474	(827,172)
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The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Deferred Income Taxes in the surplus section of the Annual Statement):

	12/31/2013	12/31/2012	Change
Total deferred tax assets	2,710,717	3,748,230	(1,037,513)
Total deferred tax liabilities			
Net deferred tax asset (liability)	2,710,717	3,748,230	(1,037,513)
Tax effect of unrealized (gains)/losses			
Change in net deferred income tax assets-increase (decrease)			(1,037,513)

The Company is subject to taxation in the United States and the state of Michigan. With few exceptions the Company is no longer subject to the U.S. federal examination for tax years before 2010 and state or local tax examination for tax years before 2009.

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal tax rate to income before income taxes. The significant items causing this difference are as follows:

	Amount	Tax Effect	Effective Tax Rate
Taxes on income at federal statutory tax rate	29,418,847	10,296,596	35.00%
Changes in nonadmitted assets	4,395,140	1,538,299	5.23%
Meals and entertainment	10,068	3,524	0.01%
Lobbying expenses	44,000	15,400	0.05%
Nondeductible fines & penalties	16,773	5,871	0.02%
Other, including prior year true-up	132,980	46,543	0.16%
Reported tax expense	34,017,808	11,906,233	40.47%

Federal and foreign income taxes incurred	10,868,720	36.94%
Change in net deferred income taxes	1,037,513	3.53%
Total statutory income taxes	11,906,233	40.47%

E. (1) Federal net operating loss carryovers: 2013 \$241,083  
2012 \$318,898

(2) The amount of federal income taxes incurred that will be available for recoupment in the event of future net losses is approximately:

2013 \$10,764,487  
2012 \$6,255,359

(3) Deposits admitted under IRC Section 6603: None

**NOTES TO FINANCIAL STATEMENTS**

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**F. Federal income tax return consolidation**

(1) The Company's Federal income tax return is consolidated with the following entities:

Molina Healthcare, Inc.  
 Molina Healthcare of Arizona, Inc.  
 Molina Healthcare of California  
 Molina Healthcare of California Partner Plan  
 Molina Healthcare of Utah, Inc.  
 Molina Healthcare of Michigan, Inc.  
 Molina Healthcare of New Mexico, Inc.  
 Molina Healthcare of Ohio, Inc.  
 Molina Healthcare of Washington, Inc.  
 Molina Healthcare of Texas, Inc.  
 Molina Healthcare of Georgia, Inc.  
 Molina Healthcare of Florida, Inc.  
 Molina Healthcare of Missouri, Inc.  
 Alliance for Community Health, LLC (dba Molina Healthcare of Missouri)  
 Molina Healthcare of Virginia, Inc.  
 Molina Healthcare of Mississippi, Inc.  
 Molina Healthcare Services  
 Molina Healthcare of Illinois, Inc.  
 Molina Healthcare of Texas Insurance Company  
 Molina Healthcare of Wisconsin, Inc.  
 Molina Information Systems, LLC  
 Molina Center, LLC  
 Molina Pathways, LLC  
 Molina Healthcare Data Center, Inc.  
 American Family Care, Inc.  
 Molina Healthcare of New Mexico Medical Clinics, Inc.  
 Molina Healthcare of the District of Columbia, Inc.  
 Molina Healthcare of Maryland, Inc.  
 American Family Care Hospital Management, Inc.  
 Molina Healthcare of North Carolina, Inc.  
 Molina Healthcare of South Carolina, Inc.

(2) Molina Healthcare, Inc. (the "Parent") and its subsidiaries, including the Company, file a consolidated federal income tax return. Under a written intercompany tax-sharing agreement with the Parent, approved by the Company's board of directors, the combined federal income tax is allocated to each entity which is a party to the consolidation. The Parent collects from, or refunds to, the subsidiaries the amount of taxes or benefits determined as if each entity filed separate tax returns. Under the tax-sharing agreement, the Company has an enforceable right to recoup federal income taxes paid in prior years in the event of future net losses or to recoup net losses carried forward as an offset to future net income subject to federal income taxes. Intercompany balances are settled annually within 90 days of filing the consolidated federal income tax return.

G. Not applicable

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. The Company is a wholly owned subsidiary of the Parent. The Parent is a multi-state managed care organization that arranges for the delivery of health care services to persons eligible for Medicaid, Medicare, and other government-sponsored health care programs for low-income families and individuals. The Parent also assists state agencies in their administration of the Medicaid program. The Parent has wholly owned operating subsidiaries in various states as indicated in Note 9 above.
- B., C. The Company has an agreement with the Parent whereby the Parent provides certain management services to the Company. Expenses incurred relating to this agreement amounted to \$62.3 million and \$46.9 million for the years ended December 31, 2013 and 2012, respectively.
- D. As of December 31, 2013, amounts due to the Parent and affiliates totaled \$1,078,544, and amounts due from the Parent and affiliates totaled \$0. Intercompany receivables and payables are generally settled on a monthly basis.

**NOTES TO FINANCIAL STATEMENTS**

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- E. On September 9, 2011, the Parent entered into a credit agreement for a \$170.0 million revolving Credit Facility with various lenders to be used for general corporate purposes. On February 15, 2013, the Parent repaid all of the outstanding indebtedness under the Credit Facility, and also terminated the Credit Facility.
- F. The Company has a services agreement with the Parent, as described in 10.C. above.
- G. As indicated in 10.A. above, the Company is a wholly owned subsidiary of the Parent. The entities under common ownership of the Parent are indicated in Note 9.F. above.
- H. Amount deducted from the value of an upstream intermediate entity or ultimate parent owned: None
- I. Investment in subsidiary, controlled or affiliated (SCA) entity that exceeds 10% of the admitted assets of the insurer: None
- J. Investment in impaired SCA: None
- K. Investment in foreign subsidiary: None
- L. Investment in downstream noninsurance holding company: None

**11. Debt**  
None

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Post-retirement Benefit Plans**

- A-D. Defined Benefit Plan: None
- E. Defined Contribution Plan: see 12.G. below
- F. Multiemployer Plans: None
- G. Consolidated/Holding Company Plans: The Company's employees participate in a defined contribution 401(k) plan sponsored by the Parent that covers substantially all full-time salaried and clerical employees. Eligible employees are allowed to contribute up to the maximum allowed by law. The Company matches up to the first 4% of compensation contributed by the employees. The Company has no legal obligation to provide benefits under the plan. The Company's expense recognized in connection with the 401(k) plan was \$461,783 and \$419,588 for the years ended December 31, 2013 and 2012, respectively.
- H. Postemployment Benefits and Compensated Absences: No postemployment benefits and no unrecorded amounts for compensated absences.
- I. Impact of Medicare Modernization Act on Post Retirement Benefits: None

**13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

- (1) The Company has 200,000 shares of \$0 par value common stock authorized, 159,000 shares issued and outstanding.
- (2) Preferred stock: None
- (3) Dividend restrictions: The laws of the state of Michigan limit the payment and declaration of extraordinary and ordinary dividends. As set forth in the Michigan Insurance Code, without prior approval of its insurance commissioner, dividends may only be paid from earned surplus. Extraordinary dividends must be approved by the OFIR.
- (4) Dividends paid by the Company to the Parent during 2013 were as follows: None
- (5) Subject to the limitations of (3) above, no restrictions have been placed on the portion of the Company's profits that may be paid as ordinary dividends to the Parent.
- (6) Restrictions placed on unassigned funds (surplus): None
- (7) Advances to surplus not repaid: None



NOTES TO FINANCIAL STATEMENTS

- (8) Stock held for special purposes: None
- (9) Changes in balances of special surplus funds from the prior period: None
- (10) Unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses: None
- (11) Surplus Notes: None
- (12) Impact of the restatement in a quasi-reorganization: None
- (13) The effective date of a quasi-reorganization: None

**14. Contingencies**

A. Contingent Commitments

- (1) Pledging of stock: As described in Note 10.E. above, on February 15, 2013, the Parent repaid all of the outstanding indebtedness under its Credit Facility, and also terminated the Credit Facility.
- (2) The Company is not a guarantor.
- (3) Not applicable.

B. Assessments: None

C. Gain Contingencies: None

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits: None

E. All Other Contingencies: From time to time, the Company may be involved in legal actions in the normal course of business, some of which involve a demand for both compensatory and punitive damages not covered by insurance. Currently, there are no pending or threatened actions which, to the knowledge and in the opinion of management and the Company’s counsel, would have a material adverse effect on the Company’s financial position, results of operations or cash flow.

**15. Leases**

A. Lessee lease arrangements

- (1) Operating leases: The Company leases office facilities and equipment under noncancelable long-term operating leases. Some of the leases contain escalation clauses and renewal options. Rental expense relating to these leases totaled \$0.7 million and \$1.0 million for the years ended December 31, 2013 and 2012, respectively.
- (2) At January 1, 2014, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1.	2014	661,496
2.	2015	
3.	2016	
4.	2017	
5.	2018	
6.	Total	661,496

- (3) Sale-leaseback transactions: None

B. Lessor lease arrangements: None

**16. Information About Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

The Company has no financial instruments with off-balance-sheet risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, short-term investments, bonds and receivables. The Company invests a substantial portion of its cash in the PFM Fund Prime Series – Institutional Class, a portfolio of highly liquid money market securities that are managed by PFM Asset Management LLC (“PFM”), a Virginia business trust registered as an open-end management investment fund. This PFM investment totaled \$77,145,607 as



NOTES TO FINANCIAL STATEMENTS

of December 31, 2013 and \$84,448,701 as of December 31, 2012. The Company's investments are managed by professional portfolio managers operating under documented investment guidelines. Concentrations of credit risk with respect to receivables is limited because the Company's only payors are the state of Michigan and the Centers for Medicare and Medicaid Services, or CMS.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

- A. Transfers of Receivables Reported as Sales: None
- B. Transfers and Servicing of Financial Assets: None
- C. Wash Sales: None

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

- A. ASO Plans: None
- B. ASC Plans: None
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract: None

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

None

**20. Fair Value Measurements**

- A.
  - (1) Assets Measured at Fair Value on a Recurring Basis: The Company's assets measured at fair value on a recurring basis are listed in the table below. The Plan receives monthly statements from investment brokers that provide market pricing. There were no transfers between Level 1 and Level 2 of the fair value hierarchy.

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a.Assets at fair value				
Money Market Funds	79,774,210			79,774,210
Municipal securities		8,412,595		8,412,595
Unaffiliated Domestic Securities		49,815,810		49,815,810
Total assets at fair value	79,774,210	58,228,405		138,002,615
b.Liabilities at fair value				
None (see (3) below)	\$ 0	\$ 0	\$ 0	\$ 0

- (2) Fair Value Measurements in (Level 3) of Fair Value Hierarchy: None
- (3) Policy for determining when transfers between levels are recognized: The actual date of the event or change in circumstances that caused the transfer.
- (4) Fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy: Level 2 financial instruments include investments that are traded frequently though not necessarily daily. Fair value for these securities is determined using a market approach based on quoted prices for similar securities in active markets or quoted prices for identical securities in inactive markets.
- (5) Derivative assets and liabilities: None

- B. See below

NOTES TO FINANCIAL STATEMENTS

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$31,774,580	\$31,737,053	\$	\$31,774,580	\$	\$ 0

In addition to Bonds, the Company’s statutory basis balance sheets typically include the following financial instruments: investment income due and accrued, federal income tax recoverable (payable), receivables, and current liabilities. The Company believes the carrying amounts of these financial instruments approximate the fair value of these financial instruments because of the relatively short period of time between the origination of the instruments and their expected realization or payment.

D. Not applicable.

21. Other Items

- A. Extraordinary Items: None
- B. Troubled Debt Restructuring: None
- C. Other Disclosures and Unusual Items: None
- D. Business Interruption Insurance Recoveries: None
- E. State Transferable and Non-transferable Tax Credits: None
- F. Subprime-Mortgage-Related Risk Exposure: None
- G. Retained Assets: None
- H. Offsetting and Netting of Assets and Liabilities: None

22. Events Subsequent

On Jan. 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (“ACA”). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after Jan. 1, 2014. As of Dec. 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on Sept. 30, 2014 to be \$12 million. This assessment is expected to decrease the risk based capital ratio by approximately 14%.

- a. ACA fee assessment payable: \$12 million
- b. Assessment expected to impact RBC: ( 14%)

With the exception of the subsequent event disclosed above, there were no recognized or unrecognized events occurring subsequent to the close of the books that would have a material effect on the Company’s financial condition. Subsequent events were considered through February 26, 2014, for the statutory statement available to be issued on February 26, 2014.

23. Reinsurance

- A. Ceded Reinsurance Report
  - Section 1 – General Interrogatories
    - (1) No
    - (2) No
  - Section 2 – Ceded Reinsurance Report – Part A
    - (1) No
    - (2) No
  - Section 3 – Ceded Reinsurance Report – Part B
    - (1) \$ 0
    - (2) No

NOTES TO FINANCIAL STATEMENTS

- B. Uncollectible Reinsurance: None
- C. Commutation of Ceded Reinsurance: None
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None

**24. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

- A. Based on member encounter data that the Company submits to CMS, Medicare premiums are subject to retroactive adjustment for both member risk scores and member pharmacy cost experience for up to two years after the original year of service. This adjustment takes into account the acuity of each member’s medical needs relative to what was anticipated when premiums were originally set for that member. In the event that a member requires less acute medical care than was anticipated by the original premium amount, CMS may recover premium from the Company. In the event that a member requires more acute medical care than was anticipated by the original premium amount, CMS may pay the Company additional retroactive premium. A similar retroactive reconciliation is undertaken by CMS for Medicare members’ pharmacy utilization. The Company estimates the amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members’ health care utilization patterns and CMS practices. Based on the Company’s knowledge of member health care utilization patterns and expenses, the Company recorded a net receivable of approximately \$8,372,579 and \$1,100,000 as of December 31, 2013 and December 31, 2012, respectively for anticipated Medicare risk adjustment premiums.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Company for the year ended December 31, 2013 that were subject to retrospective rating features was \$153,800,244, which represented 17.4% of the total net premiums written by the Company in 2013.
- D. Medical Loss Ratio Rebates Required: None

**25. Change in Incurred Claims and Claim Adjustment Expenses**

The change in prior year estimated claims reserves represents favorable development in claims experience. Original estimates are increased or decreased as additional information becomes known regarding incurred reported claims.

Claims unpaid activity as of December 31, and for the year then ended, is summarized as follows:

	12/31/2013	12/31/2012
Unpaid claims liabilities and claims adjustment expenses, beginning of year	\$ 86,679,316	\$ 80,949,214
Add provision for claims, net of reinsurance:		
Current year	764,521,627	737,212,507
Prior years	(9,446,079)	(6,746,835)
Net incurred claims during the current year	755,075,548	730,465,672
Deduct paid claims, net of reinsurance:		
Current year	678,533,992	654,344,410
Prior years	74,695,339	72,774,556
Net paid claims during the current year	753,229,331	727,118,966
Current year change in claims adjustment expenses	(52,553)	13,018
Current year change in health care receivables	(4,312,601)	2,370,378
Current year change in amounts due from reinsurers		
Unpaid claims liabilities, accrued medical incentives and claims adjustment expenses, end of year	\$ 84,160,379	\$ 86,679,316

**26. Intercompany Pooling Arrangements**

None

NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements

None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2013	\$ 960,657	\$	\$	\$	\$
09/30/2013	1,057,624				
06/30/2013	1,441,600			1,083,264	
03/31/2013	1,293,426			698,043	475,252
12/31/2012	916,701			863,348	499,619
09/30/2012	1,223,848			805,798	385,329
06/30/2012	1,118,071			0	1,102,424
03/31/2012	969,548			652,416	252,079
12/31/2011	937,965			552,179	387,307
09/30/2011	888,537			488,636	403,226
06/30/2011	851,557			481,875	373,245
03/31/2011	822,855			323,949	505,087

B. Risk-Sharing Receivables: None

29. Participating Policies

None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ 0
2. Date of the most recent evaluation of this liability	12/31/2013
3. Was anticipated investment income utilized in the calculation?	Yes [X] No [ ]

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X]      No [ ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X]      No [ ]      N/A [ ]

1.3

State regulating?  
Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ ]      No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2011

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity.  
This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2011

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/01/2013

3.4

By what department or departments?  
Department of Insurance and Financial Services

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [ ]      No [ ]      N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X]      No [ ]      N/A [ ]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [ ]      No [X]

4.12

renewals?

Yes [ ]      No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [ ]      No [X]

4.22

renewals?

Yes [ ]      No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ]      No [X]

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Co. Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [ ]      No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [ ]      No [X]

7.2

If yes,

7.21

State the percentage of foreign control

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ]      No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ ]      No [X]

8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Kalter Financial Group 15302 Central Avenue, Chino, CA 91710

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [ ]      No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes [ ]      No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [ ]

No [ X ]

N/A [ ]

10.6

If the answer to 10.5 is no or n/a, please explain.  
The Company is a direct wholly owned subsidiary of Molina Healthcare, Inc. (MHI) MHI is a publically traded company and is subject to compliance with the Sarbanes-Oxley Act. An Audit Committee is maintained at the Corporate level (MHI).

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Brian Goebel, FSA, MAAA, 200 Oceangate, Suite 100, Long Beach, CA 90802. Employee of the reporting entity.

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ]

No [ X ]

12.11

Name of real estate holding company

12.12

Number of parcels involved

12.13

Total book/adjusted carrying value

12.2

If yes, provide explanation.

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ]

No [ ]

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ]

No [ ]

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ]

No [ ]

N/A [ ]

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [ X ]

No [ ]

a.

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b.

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c.

Compliance with applicable governmental laws, rules and regulations;

d.

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e.

Accountability for adherence to the code.

14.11

If the response to 14.1 is no, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes [ X ]

No [ ]

14.21

If the response to 14.2 is yes, provide information related to amendment(s).  
Amended to add a section regarding compliance with HIPAA and a section to clarify reporting violations of law or policy

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ]

No [ X ]

14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [ X ]

No [ ]

17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [ X ]

No [ ]

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [ X ]

No [ ]

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [ ]

No [ X ]

20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$.....0

20.12

To stockholders not officers

\$.....0

20.13

Trustees, supreme or grand (Fraternal only)

\$.....0

20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$.....0

20.22

To stockholders not officers

\$.....0

20.23

Trustees, supreme or grand (Fraternal only)

\$.....0

21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [ ]

No [ X ]

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

.....

21.22

Borrowed from others

.....

21.23

Leased from others

.....

21.24

Other

.....

PART 1 - COMMON INTERROGATORIES - FINANCIAL

- 22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [ ☐ ]      No [ ☒ ]
- 22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

.....

22.22

Amount paid as expenses

.....

22.23

Other amounts paid

.....
- 23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ ☐ ]      No [ ☒ ]
- 23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount.

.....

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes [ ☒ ]      No [ ☐ ]
- 24.02

If no, give full and complete information relating thereto.

.....
- 24.03

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

.....
- 24.04

Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [ ☐ ]      No [ ☐ ]      N/A [ ☒ ]
- 24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

.....
- 24.06

If answer to 24.04 is no, report amount of collateral for other programs.

.....
- 24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes [ ☐ ]      No [ ☐ ]      N/A [ ☒ ]
- 24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100% ?

Yes [ ☐ ]      No [ ☐ ]      N/A [ ☒ ]
- 24.09

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes [ ☐ ]      No [ ☐ ]      N/A [ ☒ ]
- 24.10

For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101

Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

.....

24.102

Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

.....

24.103

Total payable for securities lending reported on the liability page.

.....
- 25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)

Yes [ ☒ ]      No [ ☐ ]
- 25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$.....0

25.22

Subject to reverse repurchase agreements

\$.....0

25.23

Subject to dollar repurchase agreements

\$.....0

25.24

Subject to reverse dollar repurchase agreements

\$.....0

25.25

Pledged as collateral

\$.....0

25.26

Placed under option agreements

\$.....0

25.27

Letter stock or securities restricted as to sale

\$.....0

25.28

On deposit with state or other regulatory body

\$.....1,013,869

25.29

Other

\$.....0
- 25.3

For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
- 26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [ ☐ ]      No [ ☒ ]
- 26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [ ☐ ]      No [ ☐ ]      N/A [ ☒ ]
- 27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [ ☐ ]      No [ ☒ ]
- 27.2

If yes, state the amount thereof at December 31 of the current year:

.....
28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [ ☒ ]      No [ ☐ ]
- 28.01

For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Oppenheimer Trust Company	18 Columbia Turnpike, Florham Park, NJ 07932
UBS Financial Services	1000 Harbor Blvd. Weehawken, NJ 07086
- 28.02

For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
- 28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [ ☒ ]      No [ ☐ ]
- 28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
	UBS Financial Services	04/23/2013	Added due to additional investment portfolio brok
- 28.05

Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
249	Oppenheimer & Co.	500 W. Madison Ste 400, Chicago, IL 60661
8174	UBS Financial Services	1000 Harbor Blvd. Weehawken, NJ 07086
- 29.1

Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [ ☐ ]      No [ ☒ ]

PART 1 - COMMON INTERROGATORIES - INVESTMENT

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999. TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	.....169,739,668	.....169,777,195	.....37,527
30.2 Preferred stocks.....	.....	.....	.....0
30.3 Totals.....	.....169,739,668	.....169,777,195	.....37,527

30.4 Describe the sources or methods utilized in determining the fair values:  
Fair values are provided by third party vendor, Clearwater Analytics, who uses unit prices published by the Securities Valuation Office of the NAIC (SVO) when available.  
For securities not priced by the SVO Clearwater Analytics receives pricing from S&P Capital IQ

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [ ] No [ X ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [ ] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [ X ] No [ ]
- 32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$.....71,550
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Health Plans	71,550

- 34.1 Amount of payments for legal expenses, if any?

\$.....0
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$.....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid



GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ☐ ]

No [ ☒ X ]
- 1.2

If yes, indicate premium earned on U.S. business only

.....
- 1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

.....
- 1.31

Reason for excluding

.....

- 1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

.....
- 1.5

Indicate total incurred claims on all Medicare Supplement insurance.

.....
- 1.6

Individual policies:

Most current three years:

1.61

Total premium earned

.....

1.62

Total incurred claims

.....

1.63

Number of covered lives

.....

All years prior to most current three years:

1.64

Total premium earned

.....

1.65

Total incurred claims

.....

1.66

Number of covered lives

.....
- 1.7

Group policies:

Most current three years:

1.71

Total premium earned

.....

1.72

Total incurred claims

.....

1.73

Number of covered lives

.....

All years prior to most current three years:

1.74

Total premium earned

.....

1.75

Total incurred claims

.....

1.76

Number of covered lives

.....

2.

Health test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator.....	883,384,967	841,177,957
2.2 Premium Denominator.....	883,384,967	841,177,957
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	83,842,385	86,979,078
2.5 Reserve Denominator.....	83,842,385	86,979,078
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

- 3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits?

Yes [ ☐ ]

No [ ☒ X ]
- 3.2

If yes, give particulars:

.....

.....

- 4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [ ☒ X ]

No [ ☐ ]
- 4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ ☐ ]

No [ ☒ X ]
- 5.1

Does the reporting entity have stop-loss reinsurance?

Yes [ ☒ X ]

No [ ☐ ]
- 5.2

If no, explain:

.....

.....

- 5.3

Maximum retained risk (see instructions):
- 5.31

Comprehensive medical

\$.....1,200,000
- 5.32

Medical only

\$.....0
- 5.33

Medicare supplement

\$.....0
- 5.34

Dental and vision

\$.....0
- 5.35

Other limited benefit plan

\$.....0
- 5.36

Other

\$.....0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Federal regulation prohibits the balance billing of Medicaid members by providers. Such members constitute the vast majority of our enrollment. In addition, in the event of the Company's threatened insolvency, the state Medicaid agency would promptly transfer our subscribers to other carriers.

- 7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [ ☒ X ]

No [ ☐ ]
- 7.2

If no, give details:

.....

.....

8.

Provide the following information regarding participating providers:
- 8.1

Number of providers at start of reporting year

.....13,185
- 8.2

Number of providers at end of reporting year

.....16,155

- 9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [ ☐ ]

No [ ☒ X ]
- 9.2

If yes, direct premium earned:
- 9.21

Business with rate guarantees between 15-36 months

.....
- 9.22

Business with rate guarantees over 36 months

.....

- 10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts?

Yes [ ☒ X ]

No [ ☐ ]

- 10.2

If yes:
- 10.21

Maximum amount payable bonuses

\$.....8,571,231
- 10.22

Amount actually paid for year bonuses

\$.....5,691,578
- 10.23

Maximum amount payable withholds

\$.....0
- 10.24

Amount actually paid for year withholds

\$.....0

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

11.1. Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or

11.14 A Mixed Model (combination of above)?

Yes [ ]

No [X]

11.2. Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [ ]

No [X]

11.3. If yes, show the name of the state requiring such net worth.

Michigan

11.4. If yes, show the amount required.

\$.....51,459,270

11.5. Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [ ]

No [X]

11.6. If the amount is calculated, show the calculation:

RBC 200% Authorized Control Level

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Alcona, Allegan, Alpena, Antrim, Arenac, Bay, Benzie,
Berrien, Clare, Crawford, Genesee, Gladwin,
Grand Traverse, Gratiot, Huron, Ingham, Ionia, Iosco,
Isabella, Kalkaska, Kent, Lake, Lapeer, Macomb,
Manistee, Mason, Mecosta, Midland, Missaukee, Monroe,
Montcalm, Montmorency, Muskegon, Newaygo, Oakland,
Oceana, Ogemaw, Osceola, Oscoda, Otsego, Ottawa,
Presque Isle, Roscommon, Saginaw, Sanilac,
Washtenaw, Wayne, Wexford

13.1. Do you act as a custodian for health savings account?

Yes [ ]

No [X]

13.2. If yes, please provide the amount of custodial funds held as of the reporting date.

.....

13.3. Do you act as an administrator for health savings accounts?

Yes [ ]

No [X]

13.4. If yes, please provide the balance of the funds administered as of the reporting date.

.....

28.1

FIVE-YEAR HISTORICAL DATA

	1 2013	2 2012	3 2011	4 2010	5 2009
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	193,671,094	174,431,437	164,590,356	151,859,948	145,623,982
2. Total liabilities (Page 3, Line 24).....	91,012,577	93,891,014	86,751,811	88,343,406	76,354,882
3. Statutory surplus.....	51,459,270	50,763,184	47,008,994	45,670,486	39,890,512
4. Total capital and surplus (Page 3, Line 33).....	102,658,517	80,540,423	77,838,545	63,516,542	69,269,100
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	883,384,967	841,177,957	844,349,216	806,365,616	718,689,242
6. Total medical and hospital expenses (Line 18).....	755,075,548	730,465,674	694,856,687	680,211,930	603,883,813
7. Claims adjustment expenses (Line 20).....	22,354,521	22,358,285	21,010,572	19,727,174	18,501,079
8. Total administrative expenses (Line 21).....	77,645,947	73,378,611	105,381,918	101,001,031	82,012,625
9. Net underwriting gain (loss) (Line 24).....	28,979,261	14,649,874	23,100,039	5,425,481	14,291,725
10. Net investment gain (loss) (Line 27).....	456,333	852,824	1,179,943	1,610,974	1,741,795
11. Total other income (Lines 28 plus 29).....	(16,748)				
12. Net income or (loss) (Line 32).....	18,550,126	9,375,405	15,054,263	3,663,902	9,978,482
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	18,949,627	13,071,413	1,182,320	15,341,499	16,347,945
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	102,658,517	80,540,423	77,838,545	63,516,542	69,269,100
15. Authorized control level risk-based capital.....	25,729,635	25,381,852	23,506,340	22,835,243	19,945,256
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	212,837	220,377	222,321	226,703	222,905
17. Total member months (Column 6, Line 7).....	2,581,007	2,639,337	2,660,132	2,708,441	2,522,898
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	85.5	86.8	82.3	84.4	82.9
20. Cost containment expenses.....	2.2	2.4	2.1	2.1	2.0
21. Other claims adjustment expenses.....	0.3	0.3	0.4	0.4	0.6
22. Total underwriting deductions (Line 23).....	96.7	98.3	97.3	99.3	96.7
23. Total underwriting gain (loss) (Line 24).....	3.3	1.7	2.7	0.7	2.0
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13 Col. 5).....	76,702,683	74,047,646	76,920,966	69,249,963	48,102,580
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	81,370,572	78,023,866	81,425,973	66,406,960	53,254,417
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama.....AL	..N							.....0	
2.	Alaska.....AK	..N							.....0	
3.	Arizona.....AZ	..N							.....0	
4.	Arkansas.....AR	..N							.....0	
5.	California.....CA	..N							.....0	
6.	Colorado.....CO	..N							.....0	
7.	Connecticut.....CT	..N							.....0	
8.	Delaware.....DE	..N							.....0	
9.	District of Columbia.....DC	..N							.....0	
10.	Florida.....FL	..N							.....0	
11.	Georgia.....GA	..N							.....0	
12.	Hawaii.....HI	..N							.....0	
13.	Idaho.....ID	..N							.....0	
14.	Illinois.....IL	..N							.....0	
15.	Indiana.....IN	..N							.....0	
16.	Iowa.....IA	..N							.....0	
17.	Kansas.....KS	..N							.....0	
18.	Kentucky.....KY	..N							.....0	
19.	Louisiana.....LA	..N							.....0	
20.	Maine.....ME	..N							.....0	
21.	Maryland.....MD	..N							.....0	
22.	Massachusetts.....MA	..N							.....0	
23.	Michigan.....MI	..L	.....2,570,461	..153,854,613	..727,192,983				.....883,618,057	
24.	Minnesota.....MN	..N							.....0	
25.	Mississippi.....MS	..N							.....0	
26.	Missouri.....MO	..N							.....0	
27.	Montana.....MT	..N							.....0	
28.	Nebraska.....NE	..N							.....0	
29.	Nevada.....NV	..N							.....0	
30.	New Hampshire.....NH	..N							.....0	
31.	New Jersey.....NJ	..N							.....0	
32.	New Mexico.....NM	..N							.....0	
33.	New York.....NY	..N							.....0	
34.	North Carolina.....NC	..N							.....0	
35.	North Dakota.....ND	..N							.....0	
36.	Ohio.....OH	..N							.....0	
37.	Oklahoma.....OK	..N							.....0	
38.	Oregon.....OR	..N							.....0	
39.	Pennsylvania.....PA	..N							.....0	
40.	Rhode Island.....RI	..N							.....0	
41.	South Carolina.....SC	..N							.....0	
42.	South Dakota.....SD	..N							.....0	
43.	Tennessee.....TN	..N							.....0	
44.	Texas.....TX	..N							.....0	
45.	Utah.....UT	..N							.....0	
46.	Vermont.....VT	..N							.....0	
47.	Virginia.....VA	..N							.....0	
48.	Washington.....WA	..N							.....0	
49.	West Virginia.....WV	..N							.....0	
50.	Wisconsin.....WI	..N							.....0	
51.	Wyoming.....WY	..N							.....0	
52.	American Samoa.....AS	..N							.....0	
53.	Guam.....GU	..N							.....0	
54.	Puerto Rico.....PR	..N							.....0	
55.	U.S. Virgin Islands.....VI	..N							.....0	
56.	Northern Mariana Islands.....MP	..N							.....0	
57.	Canada.....CAN	..N							.....0	
58.	Aggregate Other alien.....OT	...XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Subtotal.....	...XXX	.....2,570,461	..153,854,613	..727,192,983	.....0	.....0	.....0	.....883,618,057	.....0
60.	Reporting entity contributions for Employee Benefit Plans.....	...XXX							.....0	
61.	Total (Direct Business).....	(a).....1	.....2,570,461	..153,854,613	..727,192,983	.....0	.....0	.....0	.....883,618,057	.....0

DETAILS OF WRITE-INS

58001. ....								.....0	
58002. ....								.....0	
58003. ....								.....0	
58998. Summary of remaining write-ins for line 58.....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Total (Lines 58001 thru 58003 + 58998).....		.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.  
All premiums written within the state of Michigan.

(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 – ORGANIZATIONAL CHART

40

1531	DE	13-4204626	Molina Healthcare, Inc.
-00000	CA	33-0342719	Molina Healthcare of California
-52630	MI	38-3341599	Molina Healthcare of Michigan, Inc.
-95502	UT	33-0617992	Molina Healthcare of Utah, Inc.
-96270	WA	91-1284790	Molina Healthcare of Washington, Inc.
-95739	NM	85-0408506	Molina Healthcare of New Mexico, Inc.
-10757	TX	20-1494502	Molina Healthcare of Texas, Inc.
-13778	TX	27-0522725	Molina Healthcare of Texas Insurance Company
-12334	OH	20-0750134	Molina Healthcare of Ohio, Inc.
-00000	CA	20-2714545	Molina Healthcare of California Partner Plan, Inc.
-13128	FL	26-0155137	Molina Healthcare of Florida, Inc.
-15133	VA	26-1769086	Molina Healthcare of Virginia, Inc.
-00000	CA	27-1510177	Molina Information Systems, LLC (dba Molina Medicaid Solutions)
-12007	WI	20-0813104	Molina Healthcare of Wisconsin, Inc.
-14104	IL	27-1823188	Molina Healthcare of Illinois, Inc.
-00000	DE	45-2854547	Molina Pathways, LLC
-00000	NM	45-2634351	Molina Healthcare Data Center, Inc.
-00000	CA	37-1652282	American Family Care, Inc.
I-00000	AZ	26-1938644	Molina Healthcare of Arizona, Inc.
I-00000	GA	80-0800257	Molina Healthcare of Georgia, Inc
I-00000	MO	26-3342852	Molina Healthcare of Missouri, Inc.
I-00000	MS	26-4390042	Molina Healthcare of Mississippi, Inc.
I-00000	MD	46-0598968	Molina Healthcare of Maryland, Inc.
-00000	CA	46-2821516	American Family Care Hospital Management, Inc.
-15329	SC	46-2992125	Molina Healthcare of South Carolina, Inc.
I-00000	NC	46-4148278	Molina Healthcare of North Carolina, Inc.

**2013 ALPHABETICAL INDEX**  
**HEALTH ANNUAL STATEMENT BLANK**

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